

# **Downriver Mutual Aid**

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**Financial Report  
with Supplemental Information  
September 30, 2008**

# Downriver Mutual Aid

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## Independent Auditor's Report

To the Board of Directors  
Downriver Mutual Aid

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downriver Mutual Aid as of and for the year ended September 30, 2008, which collectively comprise Downriver Mutual Aid's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Downriver Mutual Aid's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Downriver Mutual Aid as of September 30, 2008 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Downriver Mutual Aid's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors  
Downriver Mutual Aid

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2009 on our consideration of Downriver Mutual Aid's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Plante & Moran, PLLC*

February 4, 2009

# **Downriver Mutual Aid**

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## **Management's Discussion and Analysis**

Our discussion and analysis of Downriver Mutual Aid's (DMAid) financial performance provides an overview of DMAid's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with DMAid's financial statements.

### **Financial Highlights**

- The DMAid police team received a new command vehicle from Wayne County Homeland Security. New equipment was purchased to outfit this vehicle.
- Effective July 1, 2008, the user fees from the E-911 revenue dropped from .80 cents per line to .34 per line. This rate is in effect until July 1, 2009, at which time the rate will increase to .42 cents per line. In addition, phone companies are now required to submit their user fees on a quarterly basis rather than a monthly basis. The fees will now be submitted to the Wayne County treasurer's office, who will, in turn, issue revenue checks to the E-911 districts.
- Downriver Mutual Aid was awarded two new COPS grants. The first grant will assist Wyandotte in purchasing a Viper system. Other cities will be able to hook up to this hub. This grant is for \$187,060. The second grant will assist communities in upgrading technology and crime preventing equipment. The amount of this grant is \$444,268.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of DMAid as a whole and present a longer-term view of DMAid's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the members' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report DMAid's operations in more detail than the government-wide financial statements by providing information about DMAid's most significant funds.

# Downriver Mutual Aid

## Management's Discussion and Analysis (Continued)

### DMAid as a Whole

The following table shows, in a condensed format, the net assets as of September 30, 2008 and 2007:

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Current assets	\$ 3,554,432	\$ 2,783,469
Noncurrent assets	<u>4,886,319</u>	<u>5,788,615</u>
Total assets	8,440,751	8,572,084
<b>Liabilities</b>		
Current liabilities	1,552,920	1,177,488
Noncurrent liabilities	<u>1,238,476</u>	<u>2,115,894</u>
Total liabilities	<u>2,791,396</u>	<u>3,293,382</u>
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	2,770,425	2,849,968
Restricted for 911 expenditures	1,210,538	1,332,639
Restricted for grant expenditures	1,505,403	928,454
Unrestricted	<u>162,989</u>	<u>167,641</u>
Total net assets	<u><b>\$ 5,649,355</b></u>	<u><b>\$ 5,278,702</b></u>

DMAid's combined net assets total \$5.6 million for the fiscal year ended September 30, 2008. Net assets are further segregated between restricted and unrestricted net assets. The restricted net assets, assets that are restricted for a specific purpose/use, and invested in capital assets total \$5.5 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, total \$162,989.

# Downriver Mutual Aid

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for the years ended September 30, 2008 and 2007:

	Governmental Activities	
	2008	2007
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 1,472,886	\$ 1,641,844
Operating grants and contributions	2,770,620	1,789,193
General revenue - Miscellaneous revenue	57,965	148,195
Total revenue	4,301,471	3,579,232
<b>Program Expenses</b>		
Police	98,580	76,406
Fire	103,686	114,282
DRANO operations	412,877	218,044
Highway safety	713,240	316,940
Auto theft	60,433	54,394
Drug enhancement	421,890	832,546
911	1,447,153	1,293,269
COPS	213,856	448,000
Michigan State Police/Chief	292,135	189,679
Interest on long-term debt	166,968	218,230
Total program expenses	3,930,818	3,761,790
<b>Change in Net Assets</b>	<b>\$ 370,653</b>	<b>\$ (182,558)</b>

### Governmental Activities

Governmental activities are those activities (such as police and fire) provided to the constituents of DMAid and supported by member assessments, forfeitures, and grants. Revenues and expenses vary from year to year depending on grant awards and related expenditures as well as forfeiture receipts and related distributions to participating agencies.

### DMAid's Funds

Our analysis of DMAid's major funds begins on page 9, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not DMAid as a whole. The DMAid board creates funds to help manage money for specific purposes as well as to show accountability for certain activities. DMAid's major funds for 2008 include the highway safety program, 911 activities, Michigan State Police/Chief activity, drug enhancement activities, DRANO operations activity, and COPS grant activities.

# **Downriver Mutual Aid**

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## **Management's Discussion and Analysis (Continued)**

### **Capital Asset and Debt Administration**

At the end of 2008, DMAid had \$4.9 million invested in a broad range of capital assets, including 911 equipment. These assets are necessary to carry out the day-to-day operations of Downriver Mutual Aid.

### **Economic Factors and Next Year's Budgets and Rates**

The money collected from the 911 user fees is used to make monthly payments on the debt associated with the 911 equipment. The provision to charge user fees was recently extended through 2014. Our legal counsel believes user fees can continue to be assessed until the debt is paid in full.

### **Contacting DMAid's Management**

This financial report is intended to provide our citizens, customers, and member communities with a general overview of DMAid's finances and to show DMAid's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the accounting office.



# Downriver Mutual Aid

## Statement of Net Assets September 30, 2008

	Primary Government Governmental Activities
<b>Assets</b>	
Cash and investments (Note 3)	\$ 1,755,214
Due from other governmental units	747,153
Restricted assets (Note 9)	1,052,065
Capital assets - Net (Note 4)	<u>4,886,319</u>
Total assets	<u><u>\$ 8,440,751</u></u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accrued and other liabilities	\$ 666,020
Deferred revenue	9,482
Noncurrent liabilities (Note 8):	
Due within one year	877,418
Due in more than one year	<u>1,238,476</u>
Total liabilities	2,791,396
<b>Net Assets</b>	
Invested in capital assets - Net of related debt	2,770,425
Restricted for 911 expenditures	1,210,538
Restricted for grant expenditures	1,505,403
Unrestricted	<u>162,989</u>
Total net assets	<u>5,649,355</u>
Total liabilities and net assets	<u><u>\$ 8,440,751</u></u>

# Downriver Mutual Aid

## Statement of Activities Year Ended September 30, 2008

	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Functions/Programs</b>				
Police	\$ 98,580	\$ 40,445	\$ 63,850	\$ 5,715
Fire	103,686	7,445	73,202	(23,039)
DRANO operations	412,877	44	352,405	(60,428)
Highway safety	713,240	-	713,240	-
Auto theft	60,433	-	39,236	(21,197)
Drug enhancement	421,890	-	527,159	105,269
911	1,447,153	1,424,952	-	(22,201)
COPS	213,856	-	213,856	-
Michigan State Police/Chief	292,135	-	787,672	495,537
Interest on long-term debt	166,968	-	-	(166,968)
Total governmental activities	<u><b>\$ 3,930,818</b></u>	<u><b>\$ 1,472,886</b></u>	<u><b>\$ 2,770,620</b></u>	312,688
<b>General Revenue - Interest</b>				<u>57,965</u>
<b>Change in Net Assets</b>				370,653
<b>Net Assets - Beginning of year</b>				<u>5,278,702</u>
<b>Net Assets - End of year</b>				<u><b>\$ 5,649,355</b></u>

# Downriver Mutual Aid

## Governmental Funds Balance Sheet September 30, 2008

	Major Funds						Nonmajor	Total
	Highway Safety	911	Michigan State Police/Chief	Drug Enhancement	DRANO Operations	COPS	Governmental Funds	Governmental Funds
<b>Assets</b>								
Cash and investments (Note 3)	\$ -	\$ -	\$ 1,001,824	\$ 468,538	\$ 78,611	\$ -	\$ 236,093	\$ 1,785,066
Due from other governmental units	521,364	192,797	-	-	-	25,547	7,445	747,153
Due from other funds	-	-	-	642	-	-	-	642
Restricted assets (Note 9)	-	1,052,065	-	-	-	-	-	1,052,065
Total assets	<u>\$ 521,364</u>	<u>\$ 1,244,862</u>	<u>\$ 1,001,824</u>	<u>\$ 469,180</u>	<u>\$ 78,611</u>	<u>\$ 25,547</u>	<u>\$ 243,538</u>	<u>\$ 3,584,926</u>
<b>Liabilities and Fund Balances (Deficit)</b>								
<b>Liabilities</b>								
Bank overdraft	\$ 12,681	\$ 12,810	\$ -	\$ -	\$ -	\$ 4,361	\$ -	\$ 29,852
Accrued and other liabilities	508,683	21,514	86,032	1,650	5,737	21,186	21,218	666,020
Due to other funds	-	-	-	-	642	-	-	642
Deferred revenue (Note 5)	364,779	124,646	-	407	3,315	30	5,760	498,937
Total liabilities	886,143	158,970	86,032	2,057	9,694	25,577	26,978	1,195,451
<b>Fund Balances (Deficit)</b>								
Reserved for 911 expenditures	-	1,085,892	-	-	-	-	-	1,085,892
Reserved for grant expenditures	-	-	915,792	467,123	68,917	-	53,571	1,505,403
Unreserved Special Revenue Funds	(364,779)	-	-	-	-	(30)	162,989	(201,820)
Total fund balances (deficit)	<u>(364,779)</u>	<u>1,085,892</u>	<u>915,792</u>	<u>467,123</u>	<u>68,917</u>	<u>(30)</u>	<u>216,560</u>	<u>2,389,475</u>
Total liabilities and fund balances (deficit)	<u>\$ 521,364</u>	<u>\$ 1,244,862</u>	<u>\$ 1,001,824</u>	<u>\$ 469,180</u>	<u>\$ 78,611</u>	<u>\$ 25,547</u>	<u>\$ 243,538</u>	<u>\$ 3,584,926</u>
<b>Fund Balance - Total Governmental Funds</b>								\$ 2,389,475
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental activities are not financial resources and are not reported in the funds								4,886,319
Revenue is expected to be collected in a future period and is not available to pay for current year expenditures								489,455
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds								(2,115,894)
<b>Net Assets - Governmental Activities</b>								<u>\$ 5,649,355</u>

# Downriver Mutual Aid

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended September 30, 2008

	Major Funds						Nonmajor	Total
	Highway Safety	911	Michigan State Police/Chief	Drug Enhancement	DRANO Operations	COPS	Governmental Funds	Governmental Funds
<b>Revenue</b>								
Membership assessments	\$ -	\$ -	\$ -	\$ -	\$ 115,600	\$ -	\$ 137,052	\$ 252,652
Federal grants	348,461	-	-	15,349	66,028	213,826	-	643,664
State and local grants	-	-	-	-	4,035	-	26,413	30,448
Reimbursements and other revenue	-	-	-	-	44	-	47,940	47,984
Forfeiture receipts:								
Federal	-	-	552,370	126,513	-	-	-	678,883
State	-	-	235,302	385,297	166,742	-	12,773	800,114
Interest	-	29,961	13,365	10,130	4,509	-	-	57,965
911 user charge	-	1,392,483	-	-	-	-	-	1,392,483
<b>Total revenue</b>	<b>348,461</b>	<b>1,422,444</b>	<b>801,037</b>	<b>537,289</b>	<b>356,958</b>	<b>213,826</b>	<b>224,178</b>	<b>3,904,193</b>
<b>Expenditures</b>								
Salaries	8,592	1,110	26,334	28,175	50,818	3,704	39,928	158,661
Fringe benefits	1,386	155	2,318	16,357	21,427	1,218	7,944	50,805
Professional services	5,022	208,530	4,326	1,434	3,362	4,986	6,353	234,013
Office supplies	-	20	3,110	-	5,171	30	46,423	54,754
Communication costs	-	2,054	417	4,540	11,948	-	16,866	35,825
Maintenance	-	319,683	2,896	-	2,089	12,114	18,766	355,548
Building rent	-	-	56,400	3,600	15,432	-	12,422	87,854
Rental equipment	-	-	94,341	-	63,975	-	48	158,364
Training	-	-	9,114	-	741	-	58,185	68,040
Business meetings	-	-	-	-	1,565	-	757	2,322
Insurance	-	55,583	-	-	1,626	-	9,954	67,163
Forfeiture outlay	-	-	-	36,019	41,383	-	-	77,402
Manpower reimbursement	675,423	-	13,697	331,665	189,674	-	3,780	1,214,239
Miscellaneous	-	158	35,622	100	3,666	-	17,920	57,466
Capital outlay	22,817	-	13,796	-	-	191,804	10,681	239,098
Debt service	-	989,721	-	-	-	-	-	989,721
<b>Total expenditures</b>	<b>713,240</b>	<b>1,577,014</b>	<b>262,371</b>	<b>421,890</b>	<b>412,877</b>	<b>213,856</b>	<b>250,027</b>	<b>3,851,275</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(364,779)</b>	<b>(154,570)</b>	<b>538,666</b>	<b>115,399</b>	<b>(55,919)</b>	<b>(30)</b>	<b>(25,849)</b>	<b>52,918</b>
<b>Other Financing Sources (Uses) - Transfers in (out)</b> (Note 6)	-	-	(6,646)	-	6,646	-	-	-
<b>Net Change in Fund Balance (Deficit)</b>	<b>(364,779)</b>	<b>(154,570)</b>	<b>532,020</b>	<b>115,399</b>	<b>(49,273)</b>	<b>(30)</b>	<b>(25,849)</b>	<b>52,918</b>
<b>Fund Balances - Beginning of year</b>	<b>-</b>	<b>1,240,462</b>	<b>383,772</b>	<b>351,724</b>	<b>118,190</b>	<b>-</b>	<b>242,409</b>	<b>2,336,557</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ (364,779)</b>	<b>\$ 1,085,892</b>	<b>\$ 915,792</b>	<b>\$ 467,123</b>	<b>\$ 68,917</b>	<b>\$ (30)</b>	<b>\$ 216,560</b>	<b>\$ 2,389,475</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

## Downriver Mutual Aid

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### **Governmental Funds** **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances (Deficit) of Governmental Funds** **to the Statement of Activities** **Year Ended September 30, 2008**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 52,918</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	(902,296)
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Revenue reported in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33)	397,278
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>822,753</u>
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<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ 370,653</u></u></b>
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# **Downriver Mutual Aid**

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**Notes to Financial Statements  
September 30, 2008**

## **Note I - Summary of Significant Accounting Policies**

The accounting policies of Downriver Mutual Aid (DMAid) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Downriver Mutual Aid:

### **Reporting Entity**

DMAid is a program funded by member assessments of 18 communities of the southern Wayne County area of metropolitan Detroit, grants, charges for services, and adjudicated forfeiture funds. It was established to enhance the separate operations of the various communities through its mutual police, fire, auto theft, and narcotics divisions. DMAid is administered by Downriver Community Conference (DCC) and is coordinated with the Michigan State Police. DMAid has received approval of its interlocal agreement from the governor of the state of Michigan. This agreement recognizes DMAid as a separate legal entity.

The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. In accordance with these criteria, there are no component units included in this reporting entity.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of DMAid. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest income and other items not properly included among program revenues are reported instead as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

### Note I - Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, DMAid considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue source meets the availability criterion: federal grant reimbursements will be collected after the period of availability; certain receivables have been recorded for these, along with "deferred revenue."

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

DMAid reports the following major governmental funds:

**Highway Safety Fund** - The Highway Safety Fund accounts for a federal program to provide additional law enforcement on area highways.

**911 Fund** - The 911 Fund accounts for the activity of the 911 services that are provided to the downriver communities.

**Michigan State Police/Chief Fund** - The Michigan State Police/Chief Fund accounts for the activities of joint undercover police drug task force operations.

**Drug Enhancement Fund** - The Drug Enhancement Fund accounts for the combined drug enhancement activities that are performed on behalf of the downriver communities.

**DRANO Operations Fund** - The DRANO (Downriver Area Narcotics Organization) Operations Fund accounts for the general activities of the narcotics task force.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**COPS Fund** - The COPS Fund accounts for the revenue and expenditures related to federal COPS (Community Oriented Policing Services) grants.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, DMAid's policy is to first apply restricted resources.

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

**Capital Assets** - Capital assets, which include 911 equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by DMAid as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost.

911 equipment is depreciated using the straight-line method over useful lives of 6 to 20 years. Furniture and equipment and vehicles are depreciated over three to seven years.

**Long-term Obligations** - In the government-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net assets.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.



### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Forfeited Property** - As of September 30, 2008, DMAid had acquired various assets through forfeiture. These assets are not recorded in the financial statements since no objective basis of valuation has been determined and the assets do not represent a spendable financial resource. If and when those assets are sold at an auction, the proceeds from the sale are recorded as revenues. Cash received during raids and other activities is recognized as revenue after adjudication and offset of various expenses.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Fund Deficits** - DMAid has an accumulated fund deficit of \$364,779 in the Highway Safety Fund and \$30 in the COPS Fund. The deficits are a result of grant revenue not recorded as revenue in the current year due to GASB Statement No. 33, as disclosed in Note 5. The deficits will be eliminated with the receipt of this revenue.

### **Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. DMAid is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

DMAid has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. Downriver Mutual Aid's deposits and investment policies are in accordance with statutory authority.

# Downriver Mutual Aid

## Notes to Financial Statements September 30, 2008

### Note 3 - Deposits and Investments (Continued)

Downriver Mutual Aid's cash and investments are subject to two types of risk, which are examined in more detail below:

#### Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, Downriver Mutual Aid's deposits may not be returned to it. Downriver Mutual Aid does not have a deposit policy for custodial credit risk. At year end, DMAid had approximately \$1,594,000 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. DMAid believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, Downriver Mutual Aid evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. DMAid's investment policy does not further limit its investment choices. As of year end, Downriver Mutual Aid had approximately \$859,000 invested in mutual funds that were unrated.

### Note 4 - Capital Assets

Capital asset activity of DMAid's governmental activities was as follows:

	Balance October 1, 2007	Additions	Balance September 30, 2008
<b>Governmental Activities</b>			
Capital assets being depreciated:			
Furniture and equipment	\$ 356,210	\$ 30,408	\$ 386,618
Vehicles	146,748	-	146,748
911 system	11,330,405	-	11,330,405
Subtotal	11,833,363	30,408	11,863,771
Accumulated depreciation:			
Furniture and equipment	55,378	60,172	115,550
Vehicles	74,980	12,672	87,652
911 system	5,914,390	859,860	6,774,250
Subtotal	6,044,748	932,704	6,977,452
Net capital assets being depreciated	\$ 5,788,615	\$ (902,296)	\$ 4,886,319

# Downriver Mutual Aid

## Notes to Financial Statements September 30, 2008

### Note 4 - Capital Assets (Continued)

Depreciation expense was charged to programs as follows:

911 system	\$ 859,860
Other programs	<u>72,844</u>
Total	<u>\$ 932,704</u>

As discussed in Note 9, the 911 system is being financed through debt issued by the City of Taylor. DMAid's pledge related to this financing transaction meets the criteria of a capital lease; therefore, the 911 system is reflected as a DMAid asset.

### Note 5 - Deferred Revenue

Deferred revenue at September 30, 2008 is as follows:

	Unearned	Revenue not Available to Finance Current Expenditures	Total
Highway safety	\$ -	\$ 364,779	\$ 364,779
911	-	124,646	124,646
DRANO	3,315	-	3,315
Auto theft	5,760	-	5,760
DET enhancement	407	-	407
COPS Grant IV	-	30	30
Total	<u>\$ 9,482</u>	<u>\$ 489,455</u>	<u>\$ 498,937</u>

**Advances on Grants** - DMAid receives funds from federal and state governments under various acts to enable DMAid to conduct special programs. Funds received and unexpended as of September 30, 2008 are accounted for as deferred revenue. When expenditures are incurred, revenue is recognized and deferred revenue is reduced. Upon conclusion of the program, unexpended grant funds related to advances are refunded.

# Downriver Mutual Aid

## Notes to Financial Statements September 30, 2008

### Note 5 - Deferred Revenue (Continued)

**Revenue Not Available to Finance Current Expenditures** - GASB Statement No. 33 requires all governmental fund revenue to be recognized only when available to finance expenditures of the current period (received within 60 days of year end). The balances above represent state and federal grant reimbursements that were not received within 60 days of year end. Receipt of these reimbursements will alleviate a significant portion of the fund deficits.

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Drug Enhancement Fund	DRANO Operations Fund	<u>\$ 642</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
Michigan State Police/Chief Fund	DRANO Operations Fund	<u>\$ 6,646</u>

The transfer to DRANO from the Michigan State Police/Chief Fund was an operating transfer for various reasons.

### Note 7 - Assets Held in Trust

DMAid holds cash and other assets seized as evidence. At September 30, 2008, the cash balance was \$25,637. In addition, DMAid holds other noncash assets related to pending cases. The value of the noncash assets has not been recorded. Upon resolution of the cases, the assets are either returned to the owners, destroyed, or become the property of DMAid.

# Downriver Mutual Aid

## Notes to Financial Statements September 30, 2008

### Note 8 - Long-term Debt

The outstanding debt balance of DMAid as of September 30, 2008 consists of a pledge to pay an installment purchase agreement between the City of Taylor (a member community) and a bank for the 911 system. The City of Taylor purchased a public safety radio communications system through an installment purchase agreement dated October 31, 2000. DMAid, as the emergency telephone district board acting on behalf of the Downriver Mutual Aid 911 Service District, has pledged current and future 911 user charge revenue for the repayment of debt. The debt is payable in monthly payments of principal and interest of \$82,477 through January 2011. The debt bears an interest rate of 6.45 percent. The 911 user charge legislation was recently revised and extended into through 2014. DMAid's legal counsel has asserted that DMAid will be able to continue to assess the user charge until the debt is paid in full. During the year ended September 30, 2008, the 911 user charge revenue was \$1,109,695 and debt service payments were \$989,724. The cumulative balance of 911 user charges in excess of the debt service payments is shown as restricted assets.

Interest Rate	Principal Maturity Ranges	Beginning Balance	Reductions	Ending Balance	Due Within One Year
------------------	---------------------------------	----------------------	------------	-------------------	------------------------

#### Governmental Activities

General obligation debt - Installment  
purchase agreement:

\$7,279,926

\$302,761 -

Maturing through 2011

6.45% \$935,715 \$ 2,938,647 \$ (822,753) \$ 2,115,894 \$ 877,418

Annual debt service requirements to maturity for the above installment purchase agreement are as follows:

	Principal	Interest	Total
2009	\$ 877,418	\$ 112,306	\$ 989,724
2010	935,715	54,009	989,724
2011	302,761	4,386	307,147
Total	<u>\$ 2,115,894</u>	<u>\$ 170,701</u>	<u>\$ 2,286,595</u>

# Downriver Mutual Aid

## Notes to Financial Statements September 30, 2008

### Note 9 - Restricted Assets

Restricted assets consist of cash and cash equivalents and accounts receivable as noted below. The amounts are restricted in accordance with the 911 operating agreement. At September 30, 2008, fund balance has been reserved in the 911 Fund for the entire balance of these restricted assets. In addition, the remaining fund balance of \$33,827 in the 911 Fund has been reserved for future 911 operating expenditures under state law.

The balances of the restricted asset accounts are as follows:

Cash	\$ 858,506
Accounts receivable	<u>193,559</u>
Total restricted assets	<u><u>\$ 1,052,065</u></u>

### Note 10 - Risk Management

DMAid is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). DMAid has purchased commercial insurance for these claims. DMAid is also exposed to various risks of loss related to medical benefits provided to employees. DMAid is partially self-insured for these claims. DMAid is responsible for the first \$1,000 per occurrence for claims filed. The self-insured claims expense for the year ended September 30, 2008 was not significant. DMAid management estimates that there are no significant unpaid medical claims at year end. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

### Note 11 - Commitment

During the current year, DMAid entered into a contract for repairs and subscription services related to the 911 system. At September 30, 2008, the total amount of the contract was \$857,353, with a remaining commitment of \$571,569.

# Downriver Mutual Aid

## Notes to Financial Statements September 30, 2008

### Note 12 - Operating Leases

In September 2006, DMAid entered into a five-year operating lease for office space. The lease expires in September 2011. DMAid has a renewal option to extend the lease for an additional five years at market rate with the increase capped at 110 percent of the prior 12 months' rent. The minimum rental commitment under the operating lease is as follows:

<u>Years Ending September 30</u>	<u>Amount</u>
2009	\$ 75,000
2010	75,000
2011	<u>68,750</u>
Total	<u>\$ 218,750</u>

### Note 13 - Related Party Transactions

The directors and officers of Downriver Community Conference (DCC), a related organization, are also directors and officers of DMAid.

DCC performs administrative and accounting services for DMAid. During the year ended September 30, 2008, there were immaterial transactions related to the central cost allocation plan and expense reimbursements between DMAid and DCC.

In addition, DMAid reimburses member communities for various expenditures, distributes forfeited funds from adjudicated enforcement activity seizures, and purchases equipment on behalf of member communities. These amounts are outlined below:

# Downriver Mutual Aid

## Notes to Financial Statements September 30, 2008

### Note 13 - Related Party Transactions (Continued)

	Manpower Reimbursement and Forfeiture Distributions	COPS Equipment Purchases and Reimbursement
Related party:		
City of Allen Park	\$ 78,404	\$ -
Brownstown Township	102,897	21,113
City of Ecorse	-	-
City of Flat Rock	420	6,498
City of Gibraltar	-	14,096
Grosse Ile Township	34,765	21,167
Huron Township	63,077	20,808
City of Lincoln Park	560	21,167
City of Melvindale	37,671	2,995
City of River Rouge	210	-
City of Riverview	81,347	21,167
City of Rockwood	420	5,759
City of Romulus	26,002	-
City of Southgate	54,006	21,167
City of Taylor	97,348	21,167
City of Trenton	22,104	20,975
City of Woodhaven	45,335	-
City of Wyandotte	63,353	-
Total related party	707,919	198,079
Nonrelated party amounts	506,320	-
Total	<u>\$ 1,214,239</u>	<u>\$ 198,079</u>



## **Required Supplemental Information**

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# Downriver Mutual Aid

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Highway Safety Fund Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
<b>Fund Balance - Beginning of year</b>	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows) - State grants</b>	324,995	779,419	348,461	(430,958)
<b>Charges to Appropriations (Outflows)</b>				
Salaries	5,210	8,400	8,592	(192)
Fringe benefits	1,302	2,600	1,386	1,214
Professional services	3,000	4,000	5,022	(1,022)
Capital outlay	-	24,500	22,817	1,683
Manpower reimbursement	315,483	739,919	675,423	64,496
 Total charges to appropriations (outflows)	 324,995	 779,419	 713,240	 66,179
<b>Fund Balance (Deficit) - End of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (364,779)</b>	<b>\$ (364,779)</b>

# Downriver Mutual Aid

## Required Supplemental Information Budgetary Comparison Schedule (Continued) Major Special Revenue Funds - 911 Fund Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
<b>Fund Balance - Beginning of year</b>	\$ 1,117,134	\$ 1,240,462	\$ 1,240,462	\$ -
<b>Resources (Inflows)</b>				
911 user charge (land line)	1,150,000	1,150,000	1,109,695	(40,305)
911 user charge (cell phone - Wayne County)	372,000	372,000	282,788	(89,212)
Interest	34,000	35,000	29,961	(5,039)
Total resources (inflows)	1,556,000	1,557,000	1,422,444	(134,556)
<b>Charges to Appropriations (Outflows)</b>				
Salaries	3,750	3,750	1,110	2,640
Fringe benefits	938	750	155	595
Professional services	20,000	16,000	14,059	1,941
Subscriptions	204,000	200,000	194,471	5,529
Office supplies	350	350	20	330
Communication costs	2,500	2,500	2,054	446
Maintenance	300,000	305,000	301,272	3,728
Utilities	20,000	18,000	18,411	(411)
Insurance	72,500	55,583	55,583	-
Travel	100	-	-	-
Miscellaneous	500	500	158	342
Debt service	989,724	989,724	989,721	3
Total charges to appropriations (outflows)	1,614,362	1,592,157	1,577,014	15,143
<b>Fund Balance - End of year</b>	<b>\$ 1,058,772</b>	<b>\$ 1,205,305</b>	<b>\$ 1,085,892</b>	<b>\$ (119,413)</b>

# Downriver Mutual Aid

## Required Supplemental Information Budgetary Comparison Schedule (Continued) Major Special Revenue Funds - Michigan State Police/Chief Fund Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
<b>Fund Balance - Beginning of year</b>	\$ 297,629	\$ 383,772	\$ 383,772	\$ -
<b>Resources (Inflows)</b>				
Forfeiture receipts	175,000	792,000	787,672	(4,328)
Interest	15,000	13,125	13,365	240
Total resources (inflows)	190,000	805,125	801,037	(4,088)
<b>Charges to Appropriations (Outflows)</b>				
Salaries	29,120	29,120	26,334	2,786
Fringe benefits	4,077	4,222	2,318	1,904
Professional services	5,000	5,000	4,326	674
Office supplies	5,000	6,300	3,110	3,190
Communication costs	1,000	1,000	417	583
Maintenance	3,500	3,000	2,896	104
Rent	108,000	135,000	150,741	(15,741)
Training	2,500	7,000	9,114	(2,114)
Business meetings	350	350	-	350
Insurance	3,500	2,000	-	2,000
Manpower reimbursement	52,000	90,000	13,697	76,303
Advertising	2,500	3,000	-	3,000
Printing/Copy/Fax	1,250	1,250	-	1,250
Computer related/Internet	2,000	2,000	1,350	650
Undercover investigation	35,000	30,000	30,034	(34)
Travel	3,500	1,000	300	700
Miscellaneous	2,500	2,500	3,938	(1,438)
Capital outlay	-	13,000	13,796	(796)
Transfer out (HIDTA)	-	6,646	6,646	-
Total charges to appropriations (outflows)	260,797	342,388	269,017	73,371
<b>Fund Balance - End of year</b>	<b>\$ 226,832</b>	<b>\$ 846,509</b>	<b>\$ 915,792</b>	<b>\$ 69,283</b>

# Downriver Mutual Aid

## Required Supplemental Information Budgetary Comparison Schedule (Continued) Major Special Revenue Funds - Drug Enhancement Fund Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
<b>Fund Balance - Beginning of year</b>	\$ 168,658	\$ 351,724	\$ 351,724	\$ -
<b>Resources (Inflows)</b>				
Federal grants	-	-	15,349	15,349
State and local grants	21,432	21,432	-	(21,432)
Forfeiture receipts	150,000	135,580	511,810	376,230
Interest	24,500	10,000	10,130	130
Transfer in	32,000	32,000	-	(32,000)
Total resources (inflows)	227,932	199,012	537,289	338,277
<b>Charges to Appropriations (Outflows)</b>				
Salaries	29,417	29,417	28,175	1,242
Fringe benefits	17,000	17,000	16,357	643
Professional services	3,500	2,500	1,434	1,066
Office supplies	550	650	-	650
Communication costs	6,000	4,750	4,540	210
Rent	4,200	4,200	3,600	600
Forfeiture outlay	7,500	5,000	36,019	(31,019)
Manpower reimbursement	150,000	282,178	331,665	(49,487)
Miscellaneous	100	100	100	-
Transfer out	32,000	32,000	-	32,000
Total charges to appropriations (outflows)	250,267	377,795	421,890	(44,095)
<b>Fund Balance - End of year</b>	<u>\$ 146,323</u>	<u>\$ 172,941</u>	<u>\$ 467,123</u>	<u>\$ 294,182</u>

# Downriver Mutual Aid

## Required Supplemental Information Budgetary Comparison Schedule (Continued) Major Special Revenue Funds - DRANO Operations Fund Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
<b>Fund Balance - Beginning of year</b>	\$ 90,812	\$ 118,190	\$ 118,190	\$ -
<b>Resources (Inflows)</b>				
Membership assessments	115,600	115,600	115,600	-
Federal grants	90,000	90,000	66,028	(23,972)
State grants	-	-	4,035	4,035
Reimbursements	-	-	44	44
Forfeiture receipts	75,000	165,000	166,742	1,742
Interest	2,500	4,804	4,509	(295)
Transfer in	-	-	6,646	6,646
Total resources (inflows)	283,100	375,404	363,604	(11,800)
<b>Charges to Appropriations (Outflows)</b>				
Salaries	46,996	46,996	50,818	(3,822)
Fringe benefits	20,678	20,678	21,427	(749)
Professional services	6,500	6,500	3,362	3,138
Office supplies	6,000	7,500	5,171	2,329
Communication costs	11,500	11,500	11,948	(448)
Maintenance	2,500	2,500	2,089	411
Rent	16,420	16,420	79,407	(62,987)
Training	2,791	1,000	741	259
Business meetings	250	1,000	1,565	(565)
Insurance	5,000	2,000	1,626	374
Forfeiture outlay	7,500	45,000	41,383	3,617
Manpower reimbursement	190,000	276,498	189,674	86,824
Advertising	15	15	-	15
Printing/Copy/Fax	100	100	-	100
Computer related/Internet	350	350	-	350
Undercover investigation	2,500	4,500	229	4,271
Travel	1,000	1,000	-	1,000
Capital outlay	-	5,000	-	5,000
Miscellaneous	2,250	2,300	3,437	(1,137)
Total charges to appropriations (outflows)	322,350	450,857	412,877	37,980
<b>Fund Balance - End of year</b>	<u><u>\$ 51,562</u></u>	<u><u>\$ 42,737</u></u>	<u><u>\$ 68,917</u></u>	<u><u>\$ 26,180</u></u>

# Downriver Mutual Aid

## Required Supplemental Information Budgetary Comparison Schedule (Continued) Major Special Revenue Funds - COPS Fund Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
<b>Fund Balance</b> - Beginning of year	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b> - Federal grants	365,421	346,200	213,826	(132,374)
<b>Charges to Appropriations (Outflows)</b>				
Salaries	25,000	25,000	3,704	21,296
Fringe benefits	7,500	7,500	1,218	6,282
Professional services	-	-	4,986	(4,986)
Office supplies	1,750	3,818	30	3,788
Maintenance	55,000	55,628	12,114	43,514
Capital outlay	276,171	254,254	191,804	62,450
Total charges to appropriations (outflows)	365,421	346,200	213,856	132,344
<b>Fund Balance (Deficit)</b> - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30)</u>	<u>\$ (30)</u>

# Downriver Mutual Aid

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## **Note to Required Supplemental Information September 30, 2008**

### **Note - Budgetary Information**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for Special Revenue Funds except that operating transfers have been included in “revenue” and “expenditure” categories, rather than in “other financing sources (uses).” All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. The amounts of expenditures outstanding at September 30, 2008 have not been calculated.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - Michigan State Police/Chief Fund expenditures were more than budgeted due to an unanticipated decrease in HIDTA funding. This resulted in more expenditures in the Chief Fund. The Drug Enhancement Fund incurred forfeiture outlay expenditures and manpower reimbursement expenditures which were greater than budgeted amounts as a result of increased drug forfeiture cases. The DRANO Operations Fund vehicle rent expenditures were recorded as rent, but budgeted as manpower reimbursement. This line item has been corrected for future years so variances will not occur.



## **Other Supplemental Information**

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# Downriver Mutual Aid

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds September 30, 2008

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Auto Theft	Police	Fire	
<b>Assets</b>				
Cash and investments	\$ 61,082	\$ 41,893	\$ 133,118	\$ 236,093
Due from other governmental units	-	-	7,445	7,445
Total assets	<u>\$ 61,082</u>	<u>\$ 41,893</u>	<u>\$ 140,563</u>	<u>\$ 243,538</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accrued and other liabilities	\$ 1,751	\$ 8,672	\$ 10,795	\$ 21,218
Deferred revenue	5,760	-	-	5,760
Total liabilities	7,511	8,672	10,795	26,978
<b>Fund Balances</b>				
Reserved	53,571	-	-	53,571
Unreserved	-	33,221	129,768	162,989
Total fund balances	53,571	33,221	129,768	216,560
Total liabilities and fund balances	<u>\$ 61,082</u>	<u>\$ 41,893</u>	<u>\$ 140,563</u>	<u>\$ 243,538</u>

# Downriver Mutual Aid

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended September 30, 2008

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Auto Theft	Police	Fire	
<b>Revenue</b>				
Membership assessments	\$ -	\$ 63,850	\$ 73,202	\$ 137,052
State and local grants	26,413	-	-	26,413
Reimbursements and other revenue	50	40,445	7,445	47,940
Forfeiture receipts - State	12,773	-	-	12,773
Total revenue	39,236	104,295	80,647	224,178
<b>Expenditures</b>				
Salaries	34,122	3,367	2,439	39,928
Fringe benefits	6,524	788	632	7,944
Professional fees	65	3,708	2,580	6,353
Office supplies	282	10,241	35,900	46,423
Communication costs	-	7,519	9,347	16,866
Maintenance	175	693	17,898	18,766
Building rent	12,000	251	171	12,422
Rental equipment	-	27	21	48
Training	4,660	48,608	4,917	58,185
Business meetings	400	349	8	757
Insurance	-	4,410	5,544	9,954
Manpower reimbursement	-	-	3,780	3,780
Miscellaneous	2,205	915	14,800	17,920
Capital outlay	-	5,032	5,649	10,681
Total expenditures	60,433	85,908	103,686	250,027
<b>Net Change in Fund Balances</b>	(21,197)	18,387	(23,039)	(25,849)
<b>Fund Balances - Beginning of year</b>	74,768	14,834	152,807	242,409
<b>Fund Balances - End of year</b>	<u>\$ 53,571</u>	<u>\$ 33,221</u>	<u>\$ 129,768</u>	<u>\$ 216,560</u>

# **Downriver Mutual Aid**

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**Federal Awards  
Supplemental Information  
September 30, 2008**

# Downriver Mutual Aid

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## Independent Auditor's Report

To the Board of Directors  
Downriver Mutual Aid

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downriver Mutual Aid as of and for the year ended September 30, 2008, which collectively comprise Downriver Mutual Aid's basic financial statements, and have issued our report thereon dated February 4, 2009. Those basic financial statements are the responsibility of the management of Downriver Mutual Aid. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Downriver Mutual Aid's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

February 4, 2009



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**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

To the Board of Directors  
Downriver Mutual Aid

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downriver Mutual Aid as of and for the year ended September 30, 2008, which collectively comprise Downriver Mutual Aid's basic financial statements, and have issued our report thereon dated February 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Downriver Mutual Aid's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Downriver Mutual Aid's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Downriver Mutual Aid's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

To the Board of Directors  
Downriver Mutual Aid

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Downriver Mutual Aid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to the management of Downriver Mutual Aid in a separate letter dated February 4, 2009.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

February 4, 2009





**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
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Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133

To the Board of Directors  
Downriver Mutual Aid

### **Compliance**

We have audited the compliance of Downriver Mutual Aid with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2008. The major federal programs of Downriver Mutual Aid are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Downriver Mutual Aid's management. Our responsibility is to express an opinion on Downriver Mutual Aid's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Downriver Mutual Aid's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Downriver Mutual Aid's compliance with those requirements.

In our opinion, Downriver Mutual Aid complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

## **Internal Control Over Compliance**

The management of Downriver Mutual Aid is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Downriver Mutual Aid's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We noted certain matters that we reported to the management of Downriver Mutual Aid in a separate letter dated February 4, 2009.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

February 4, 2009

# Downriver Mutual Aid

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
U.S. Department of Transportation - Passed through the Michigan Office of Highway Safety Planning - Highway Safety Cluster:				
Highway Safety Project	20.600	PT-08-05	\$ 750,463	\$ 709,277
Highway Safety Project	20.602	PT-08-05	4,000	<u>3,963</u>
Total U.S. Department of Transportation				713,240
U.S. Department of Justice:				
Passed through the State of Michigan:				
High Intensity Drug Trafficking Areas	16.unknown	N/A	63,750	63,750
Edward Byrne Memorial Justice Assistance Program	16.738	2007 DJ BX 0048	15,349	<u>15,349</u>
Total passed through the State of Michigan				79,099
COPS III	16.710	2006CKWX0522	740,421	213,826
COPS IV	16.710	2008CKWX0583	444,268	31
Federal Equitable Sharing	16.unknown	N/A	678,883	<u>481,421</u>
Total U.S. Department of Justice				774,377
U.S. Department of Treasury - Federal Equitable Sharing	21.unknown	N/A	N/A	<u>85,408</u>
Total federal awards				<u><u>\$ 1,573,025</u></u>

## **Downriver Mutual Aid**

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### **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended September 30, 2008**

Revenue from federal sources - As reported on financial statements	
Federal grants	\$ 643,664
Forfeiture receipts - Federal	678,883
 Add revenue not available to finance expenditures of the current period (GASB Statement No. 33)	 364,809
 Less revenue in the current year, not yet expended	 <u>(114,331)</u>
 Federal expenditures per the schedule of expenditures of federal awards	 <u><u>\$ 1,573,025</u></u>

# Downriver Mutual Aid

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2008

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Downriver Mutual Aid and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to subrecipients as follows:

Federal Program	CFDA Number	Amount Provided to Subrecipients
Federal Equitable Sharing	16.unknown	\$ 139,729
Federal Equitable Sharing	21.unknown	85,408

# Downriver Mutual Aid

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
16.unknown	Federal Equitable Sharing
20.600 and 20.602	Highway Safety Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

# **Downriver Mutual Aid**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008**

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None

### Master Document Basic Letters

FIELD	VALUES
ClientName	Downriver Mutual Aid
TheClientName	Downriver Mutual Aid
NamePlural	Downriver Mutual Aid's
Salutation	To the Board of Directors
Year End	September 30, 2008
GPFSBasicReportDate	Month XX, XXXX
ComplianceAuditReportDate	Month XX, XXXX
ManagementLetterDate	Month XX, XXXX
DepartureFromFsUnqualified	Insert]
BasicGeneralPurpose	basic
Entities	board of directors, management,

### Master Document Findings

FIELD	VALUES
FSNoncomplianceFindings	FindingI
FSSignificantDeficiencyFindings	FindingJ
FSMaterialWeaknessFindings	FindingK
MajorFANoncomplianceFindings	FindingL
MajorFASignificantDeficiencyFindings	FindingM
MajorFAMaterialWeaknessFindings	FindingN



## **\*\*Auditor Notes\*\***

### **Table of Contents**

- (1) Proforma includes two versions: one for school districts and one for all other industries. Select appropriate schedule for your client.
- (2) Delete if not applicable.
- (3) Proforma includes two versions. Select version appropriate for your school district.
- (4) This letter is required when an SAS 6 I letter has not been issued.

### **Independent Auditor's Report Letter**

(5) Use report InsertJ in the Master Document Findings to describe any departure from the standard unqualified opinion on the basic financial statements. After completing InsertJ, go **Error! Reference source not found.** to the report letter and click the DFFSU button on the AI 33 Basic Letters toolbar. **Error! Reference source not found.**

(6) The third paragraph should be amended to include any additional schedules included in the single audit package. For school district audits, add reference to the following, if applicable:

- Schedule of Expenditures of Federal Awards provided to subrecipients
- Reconciliation of Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards.

### **Report Letter on Basic/GP Statements**

(7) Use report InsertJ in the Master Document Findings to describe any departure from the standard unqualified opinion on the basic financial statements. After completing InsertJ, go to the report letter and click the DFFSU button on the AI 33 Basic Letters toolbar.

(8) If instances of noncompliance are included on the Schedule of Findings and Questioned Costs, go to the letter and replace the last sentence with the following by clicking the Insert8 button on the toolbar:

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items FindingI.

(9) Insert the following sentence, if internal control, compliance or other matters (fraud, abuse) are including in the management letter and were not required in the SFQC, by going to the letter and clicking the Insert9 button on the toolbar:

We noted certain matters that we reported to the management of Downriver Mutual Aid in a separate letter dated Month XX, XXXX.

(10) If there are significant deficiencies, go to the letter, highlight the remainder of this section and replace it by clicking the Insert10 button on the toolbar:

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies *(if applicable: and other deficiencies that we consider to be material weaknesses)*

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items FindingJ to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness. [\(11\)](#)

(11) The last sentence should be replaced with the following if the significant deficiencies noted are deemed to be material weaknesses. To do this, go to the sentence in the paragraph above (**not** to the paragraph in the letter), highlight the last sentence, being careful not to delete the right bracket at the end of the sentence and click Insert | I on the toolbar. You will need to hit "Update" in order to update the letter in the document.

We believe the deficiencies described in the Schedule of Findings and Questioned Costs as items FindingK constitute material weaknesses.

### **Report Letter on Major Federal Awards**

(13) When there are instances of noncompliance identified in the schedule of findings and questioned costs, go to the letter and insert the following by clicking the "Insert | 3 button on the toolbar": .

However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FindingL

(14) When opinion is qualified for noncompliance conditions identified, go to the letter, highlight the existing paragraph, delete it, then insert the following by clicking the Insert|4 button on the toolbar .

As described in item [REDACTED] in the accompanying schedule of findings and questioned costs, Downriver Mutual Aid did not comply with requirements regarding \_\_\_\_\_ that are applicable to the \_\_\_\_\_. Compliance with such requirements is necessary, in our opinion, for Downriver Mutual Aid to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Downriver Mutual Aid complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, which are described in the accompanying schedule of findings and questioned costs as items FindingL.

(15) If there are significant deficiencies, go to the letter, highlight the next three paragraphs of this section, delete it and then insert the following by clicking on the Insert|5 button on the tool bar.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies (*if applicable: and others that we consider to be material weaknesses*)

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items FindingM to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

(16)

# Draft

(16) This sentence should be replaced with the following if any significant deficiencies are considered to be material weaknesses. To do this, go to the sentence in the paragraph above (**not** to the paragraph in the letter), highlight the sentence, being careful not to delete the right bracket at the end of the sentence and click Insert 16 on the toolbar. You will need to hit “Update” in order to update the letter in the document.

Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items FindingN to be material weaknesses.

## **Schedule of Findings and Questioned Costs**

(17) For the financial statements, reportable noncompliance represents material noncompliance to the financial statements. For major programs, reportable noncompliance represents audit findings required to be disclosed under Section 510(a) of OMB Circular A-133.

(18) List material findings and significant deficiencies identified that relate to the basic purpose financial statements in accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, a complete finding (internal control or compliance) should include criteria, condition, questioned costs (if any), effect, cause, recommendation and auditee response. While these elements must be disclosed, a formal format is not required. The finding type (significant deficiency, material weakness, material noncompliance, other noncompliance) should be noted as a heading or introduction to the findings. See example.

Findings impacting financial statements and federal programs should be stated in Sections II and III, but can be summarized in one of the Sections.

(19) Where practical, organize findings by federal or pass-through agency.

Federal program audit findings include:

- Significant deficiencies over major programs
- Material weaknesses over major programs
- Material noncompliance related to a major program
- Questioned costs greater than \$10,000
- Major programs – known or likely questioned costs
- Non-major programs – known questioned costs
- Federal award fraud (major or nonmajor)

Draft

- Circumstances creating an unqualified opinion on federal internal control and compliance (if not already stated in a finding)
- Client misrepresentation on the summary schedule of prior audit findings.

Findings impacting more than one factor (i.e, internal control and compliance) should be presented as one finding.

**If other compliance related testing will be performed, it should also be noted (e.g., in addition, we will be required to perform certain compliance tests related to the Michigan Jobs Commission Economic Development and Job Training Grants).**

None

# **Downriver Mutual Aid**

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**Report to the Board of Directors  
September 30, 2008**



**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
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February 4, 2009

To the Board of Directors  
Downriver Mutual Aid

We have recently completed our audit of the basic financial statements of Downriver Mutual Aid for the year ended September 30, 2008. In addition to our audit report, we are providing the following results of the audit and informational items and recommendations which impact Downriver Mutual Aid:

	<u>Page</u>
<b>Results of the Audit</b>	2-5
<b>Informational Items and Recommendations</b>	6-8

We are grateful for the opportunity to be of service to Downriver Mutual Aid. Should you have any questions regarding the comments in this report, please do not hesitate to contact us at 248-352-2500.

Very truly yours,

**Plante & Moran, PLLC**

Beth A. Bialy

Kristin L. Hunt



**Plante & Moran, PLLC**  
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## Results of the Audit

February 4, 2009

To the Board of Directors  
Downriver Mutual Aid

We have audited the financial statements of Downriver Mutual Aid for the year ended September 30, 2008 and have issued our report thereon dated February 4, 2009. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated December 1, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Downriver Mutual Aid. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of Downriver Mutual Aid's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of Downriver Mutual Aid's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated February 4, 2009 regarding our consideration of Downriver Mutual Aid's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.



We also are obligated to communicate certain matters related to our audit to those responsible for the governance of Downriver Mutual Aid, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to finance committee member Tim Durand in our meeting about planning matters on December 9, 2008 and described in the communication sent to other members of the finance committee.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Downriver Mutual Aid are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008.

We noted no transactions entered into by Downriver Mutual Aid during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. Forfeiture receipts are recognized as revenue at the time of receipt rather than at the time of seizure due to the uncertainty of the amounts that will actually be received.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements noted.

### ***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management's Representations***

We have requested certain representations from management that are included in the management representation letter dated February 4, 2009.

### ***Management's Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Downriver Mutual Aid's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

In the normal course of our professional association with Downriver Mutual Aid, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting Downriver Mutual Aid, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as Downriver Mutual Aid's auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Our responsibility relates to the Downriver Mutual Aid's financial statements and other information as identified in the auditor's report. We have no responsibility for any other information that may be included in documents containing those audited statements. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. We read the management's discussion and analysis, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

February 4, 2009

In addition to the comments and recommendations in this letter, our observations and comments regarding Downriver Mutual Aid's internal controls, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report is included in the supplemental schedule of federal awards (single audit report), and we recommend that the matters we have noted there receive your careful consideration.

This information is intended solely for the use of the finance committee, board members, and management of Downriver Mutual Aid and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in black ink that reads "Beth Bialy". The signature is written in a cursive style with a large, stylized "B" and "A".

Beth A. Bialy

A handwritten signature in black ink that reads "Kristin L. Hunt". The signature is written in a cursive style with a large, stylized "K" and "H".

Kristin L. Hunt

## **Informational Items and Recommendations**

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# Downriver Mutual Aid

## Informational Items and Recommendations

### Financial Status of Funds

The following table reflects deficits in the Special Revenue Funds:

	<u>Fund Deficit</u>	<u>GASB No. 33 Deferral</u>	<u>True Net Operating Deficit</u>
Highway Safety	\$ 364,779	\$ 364,779	\$ -
COPS	30	30	-

The Highway Safety and COPS Special Revenue Funds had fund deficits of approximately \$365,000 and \$30, respectively, at September 30, 2008. Due to GASB Statement No. 33, Downriver Mutual Aid (DMAid) is not allowed to offset any expenditures with revenue if the related reimbursement funds are not received within 60 days of year end. Therefore, grant reimbursements not received by November 30, 2008 are not recognized as revenue for the year under audit. This timing difference resulted in fund deficits at year end. There are no significant true net operating deficits. In an effort to minimize deficits related to this pronouncement rule, DMAid should continue to aggressively submit timely requests for reimbursements.

### Funding Identification

The Edward Byrne Memorial Justice Assistance Program grant was identified on the grant schedule as a state-funded grant; however, after further review of the grant agreement it was determined that this grant was federally funded and therefore required to be shown on the schedule of expenditures of federal awards (SEFA). We recommend that Downriver Mutual Aid carefully review all new grant agreements and contact the awarding agency if necessary, to properly identify all grants as either local, state, or federal-funded on the grant schedule and SEFA going forward.

### Lease Negotiation

Downriver Mutual Aid is currently in the middle of a five-year lease for office space. The current lease expires in 2011 and has an option to renew for an additional five years with increases capped at 110 percent of the current rate.

The downturn in the economy has led to high vacancy rates for office space in the Metro Detroit area. As a result, there may be an opportunity for DMAid to renegotiate the terms of its lease with more favorable terms in exchange for an extension in the length of the lease. Representatives from our Commercial Real Estate Advisors (CRESA) entity would be happy to meet with management to discuss potential opportunities for long-term cost savings.

# **Downriver Mutual Aid**

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## **Informational Items and Recommendations (Continued)**

### **911 Legislation Update**

The State Legislature recently passed House Bill 6070 which preserved 911 funding. As we understand it, the bill reflects an agreement reached among the parties involved (phone companies and local government). The agreement puts some caps on the charges but does extend the sunset from February 2009 to December 31, 2014. The new legislation will ensure that DMAid will be able to generate the necessary user charges to pay off the debt associated with the 911 system that matures in fiscal year 2011.